

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 254 - HB 426

February 23, 2013

SUMMARY OF BILL: Beginning in the 2013-2014 academic year, creates a scholarship program for dependents of disabled veterans. Defines a disabled veteran as a former member of the armed forces who has a service-connected disability that has been determined by the United States Department of Veterans' Affairs to be 20 percent or more disabled and such veterans who are determined to have a 100 percent permanent total disability. Defines "dependent", "member of the armed services", and "serving honorably" for the purpose of receiving a scholarship. Requires such dependent spouses to claim eligibility within 10 years of the veterans' disability determination. Requires such dependent children to be under 27 years of age to claim eligibility. Requires all such students to meet the eligibility requirements of Tenn. Code Ann. § 49-4-904(1)-(6) and § 49-4-905(a)(1)-(3) for the initial application and the requirements of Tenn. Code Ann. § 49-4-911 for retention of the HOPE scholarship. Requires students, who claim eligibility under this program, to present verification documentation as required by the Tennessee Student Assistance Corporation (TSAC). Authorizes such scholarships to be used for room and board.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

Exceeds \$1,454,000/Lottery for Education Account

Assumptions:

- According to the state Department of Veterans' Affairs, there are approximately 126,300 known wartime veterans from the Gulf War residing in Tennessee. This number is used as the minimum baseline because veterans of the Gulf War are more likely to have college age dependent children, relative to veterans of the Vietnam War whose children are more likely to be older than college age, and relative to dependent children of Iraq or Afghanistan conflicts whose children are less likely to be college age.
- In order to establish a minimum baseline, at least five percent, or 6,315 (126,300 x 5%) Gulf War veterans are disabled.
- Using prior data provided by the Tennessee Board of Regents and the University of Tennessee concerning active duty military members; it is estimated that 44.1 percent, or 2,785 (6,315 x 44.1%) disabled veterans have children, with an average of two children per veteran; for a total of 5,570 (2,785 x 2) children.

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- Based on the prior estimate for active duty military, 12.1 percent of total children, or 674 (5,570 x 12.1%) are considered to be college-age children of Gulf War veterans,. Of the college-age children, 50 percent (or 337) will attend a public higher education institution. As a result, there will be at least 337 participants who are dependent children of disabled Gulf War veterans.
- An additional number of participants, estimated to be 20 percent of the number of participants which are dependent children of disabled Gulf War veterans, or an additional 67 participants (337 x 20%), are assumed to be eligible participants as either spouses of disabled veteran or as dependent college-age children of disabled veterans from a war, conflict, or other service not associated with the Gulf War.
- The total number of participants is reasonably estimated to exceed 404 (337 + 67).
- TSAC estimates that 80 percent of participants (323) will attend a four-year higher education public institution and receive a \$4,000 award; and 20 percent (81) will attend a two-year higher education public institution and receive a \$2,000 award.
- Given the above estimates establish a minimum baseline, the recurring increase in state expenditures from the Lottery for Education Account (LFEA) beginning FY13-14 is estimated to exceed \$1,454,000 [(323 x \$4,000) + (81 x \$2,000)]

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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